

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 /050 W

----- 046439

R 261804Z NOV 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 50

INFO ALL EC CAPITALS 1377

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E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: CIEC DIALOGUE--EC PREPARES POSITION FOR FINANCE
COMMISSION

REF: A. EC BRUSSELS 10207

B. EC BRUSSELS 10102

1. SUMMARY: THE EC COMMITTEE OF PERMANENT REPRESENTATIVES HAS ADOPTED A DRAFT SERIES OF GUIDELINES FOR THE FINANCE COMMISSION OF THE COMMITTEE ON INTERNATIONAL ECONOMIC COOPERATION. THESE GUIDELINES ARE GENERAL IN NATURE AND LACK SPECIFIC PROPOSALS. EC COMMISSION EFFORTS TO INCLUDE SPECIFIC PROPOSALS WERE TURNED DOWN BY THE COMMITTEE. END SUMMARY.

2. WORKING GROUP OF THE EC COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) HAS DRAWN UP A SERIES OF GUIDELINES FOR THE FINANCIAL COMMISSION OF THE CIEC. THESE GUIDELINES WERE ADOPTED ON NOVEMBER 21 BY COREPER AS PART OF THE OVERALL EC POSITION AND WILL NOW BE SUBMITTED TO THE COUNCIL FOR APPROVAL. THE GUIDELINES SAY THE FINANCE COMMISSION SHOULD RESPECT THE COMPETENCE OF INTERNATIONAL INSTITUTIONS SUCH AS THE IMF AND IBRD. THE EC IS OPEN TO DISCUSSING FINANCIAL QUESTIONS, INCLUDING THEIR MONETARY ASPECTS, WHICH COME UP IN THE DIALOGUE

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AND WHICH ARE INCLUDED IN THE UN SEVENTH SPECIAL SESSION

RESOLUTION. THE EC IS PREPARED TO HAVE THE FINANCE COMMISSION WORK IN PARALLEL WITH THE OTHER COMMISSIONS AND PARTICULARLY TAKE UP THE FINANCIAL ASPECTS OF THE SUBJECTS WHICH ARE WITHIN THE COMPETENCE OF THE OTHER THREE COMMISSIONS.

3. THE FOLLOWING SPECIFIC GUIDELINES ARE SET FORTH FOR THE FINANCIAL COMMISSION:

A) ENERGY--TO EVALUATE THE REPERCUSSIONS OF ENERGY POLICIES ON THE WORLD ECONOMIC SITUATION, PARTICULARLY ON INTERNATIONAL FINANCIAL AND MONETARY RELATIONS; AND TO EXAMINE FROM A FINANCIAL ANGLE THE MEANS OF COOPERATION AMONG ALL THE PARTIES CONCERNED.

B) PRIMARY PRODUCTS--TO EXAMINE FROM A FINANCIAL ANGLE THE INSTRUMENTS AND MEANS TO REDUCE EXCESSIVE FLUCTUATIONS IN PRICES AND TO LOOK INTO EQUITABLE PRICE LEVELS FOR CONSUMERS AND PRODUCERS; TO IMPROVE THE IMF COMPENSATORY FINANCE FACILITY, ESPECIALLY TO ASSIST RAW MATERIAL PRODUCERS (BUT SEVERAL MEMBER STATES DO NOT FAVOR LIMITING POTENTIAL RECIPIENTS); TO HELP SPECIFICALLY THE MOST SERIOUSLY Affected LDCS WHICH INCUrR A SHORTFALL IN THEIR EXPORT RECEIPTS; TO SEARCH FOR POSSIBLE IMPROVEMENTS IN THE PRODUCTION AND SUPPLY OF PRIMARY PRODUCTS; AND TO STUDY WHAT ROLE THE INTERNATIONAL FINANCIAL INSTITUTIONS SHOULD TAKE IN THIS AREA.

C) DEVELOPMENT--TO LOOK INTO POSSIBILITIES OF INCREASING THE TRANSFER OF AID RESOURCES AS WELL AS MOBILIZING ADDITIONAL RESOURCES THROUGH TRILATERAL COOPERATION; AND TO STUDY ADAPTING AID FLOWS TO BETTER MEET THE NEEDS OF THE MSAs.

4. THE COREPER DID NOT ADOPT A NUMBER OF SPECIFIC PROPOSALS PUT FORWARD BY THE COMMISSION. IN THE ENERGY AREA THE COMMISSION HAD SUGGESTED THE EC BE PREPARED TO COOPERATE IN FINANCING ENERGY INVESTMENTS AND IN FACILITATING OPEC INVESTMENTS IN INDUSTRIALIZED COUNTRIES. IN THE DEVELOPMENT AREA, IT HAD PROPOSED, INTER ALIA, EXPANDING PRIVATE INVESTMENT IN THE LDCS AND IMPROVING LDC ACCESS TO FINANCIAL MARKETS. COMMISSION FINANCE OFFICIALS REGRET THAT THE EC HAS NOT BEGUN TO PREPARE A COMMON POSITION ON SPECIFIC ISSUES WHICH ARE LIKELY TO COME UP IN THE DIALOGUE. THEY ARE DISMAYED OVER THE GUIDELINES' LACK OF CONTENT AND MEMBER STATE RELUCTANCE TO PUT FORWARD CONSTRUCTIVE PROPOSALS WHICH COULD GIVE THE EC A POSITIVE LIMITED OFFICIAL USE

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POSITION FOR THE DIALOGUE.

5. ITALIAN PERM DEL OFFICIALS WHO CHAIRED THE FINANCE DISCUSSIONS DO NOT EXPECT COREPER TO MAKE ANY FURTHER REVISION TO THESE GUIDELINES. THE GUIDELINES WILL NOT BE SENT TO THE COUNCIL FOR APPROVAL.MORRIS

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC COOPERATION, COMMITTEES, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolfhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU10624
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED PER MEMO P830015-0270
Executive Order: R9 19871006 MC MANAWAY, C E
Errors: N/A
Film Number: P830015-0271, D750413-0387
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975118/aaaaagql.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: UNCLASSIFIED
Original Previous Handling Restrictions: LOU
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: UNCLASSIFIED; CONFIDENTIAL
Previous Handling Restrictions: LOU
Reference: 75 EC BRUSSELS 10207, 75 EC BRUSSELS 10102
Review Action: RELEASED, APPROVED
Review Authority: woolfhd
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <30 DEC 2003 by woolfhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIEC DIALOGUE--EC PREPARES POSITION FOR FINANCE COMMISSION
TAGS: EFIN, EEC, CIEC
To: STATE EC CAPITALS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006